

## THE FUTURE OF THE JAPANESE MARKETING

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### Abstract

It should not be surprising that Japanese marketing practices vary from traditional Western marketing practices, because marketing is the process of satisfying wants and needs and these desires vary tremendously among cultures. In fact, it would have been surprising if differences were not seen because, in many aspects, the American culture and the Japanese culture are practically diametrical opposites. Of all the business disciplines, marketing is by far the most culturally sensitive. The critical questions most Japanese ask are not "Am I making any money?" or, "How much money am I making?" but rather, "Am I a leader in my business?" "How do I compare with my competitors?" "What must I do to survive in the 21st century?" Technological self-sufficiency, market share, and industrial rank (status) are the key phrases in Japanese business practices.

*The Japanese system of decision-making imposes a predisposition to enter new technologies to keep up or gain an advantage on competitors. The Japanese undertake a research project not because it will solve a particular problem, but because it may contribute to solving a number of seemingly unrelated problems. Americans, in contrast, are more narrowly focused.*

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The reason the Japanese have succeeded is precisely because they had a hands off policy and let the locals conduct marketing the way it needs to be done in each particular region or country. Perhaps it is not their marketing skills but their *cultural sensitivity skills* that ought to be boasted. The Japanese marketing strategy revolves around their management of product market evolution. They choose and sequence the markets they decide to enter, the products they decide to produce, and the marketing tactics they decide to adopt for the market segment. However, the most important factors in their international marketing success is their acceptance, understanding, and application of marketing principles to the markets they decide to enter

Marketing as practiced in Japan is not that which is performed outside the country. As the Japanese have catapulted to become an economic power, many

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reasons have been given about their rapid progression--one is the claim that they are the world's premier marketers. Certainly American marketers would argue the point. How well are the Japanese versed in the development and implementation of marketing strategy? Is there really a difference between marketing practices used in the West and those implemented in Japan?

Basically the Japanese view marketing in a different fashion than the West. The Japanese idea of marketing is that if a good, quality, lower priced product is produced based on consumer information, people should buy it. They rely on this belief to succeed. This, and the belief by most Americans that Japanese products are of superior quality, gives them a huge advantage over their competitors. Most Japanese companies, however, continue to overemphasize manufacturing at the expense of marketing as it is known in the West. In many cases, the Japanese do not place much importance on marketing. An obsession still exists with production. They basically have the opposite mindset vis-a-vis American companies. Both the Japanese company and the Japanese culture are well suited to manufacturing<sup>29</sup>. They approach projects from a manufacturing point of view- but good manufacturers are not necessarily good marketers. The marketing success of Japanese products in the United States is derived from the Japanese hiring American marketers to sell their products to Americans. Therefore, it is American marketing of Japanese products that has made Japanese goods in the United States so successful.

The differences between the Japanese and American marketing practices are summarized in the following discussion<sup>30</sup>

➤ Products - Although Japanese and Americans appear very similar in their product needs, wants, and uses, the vast cultural distance between the two cultures creates a huge gulf that must be bridged. The Japanese tend to diffuse faster and to a greater extent than Americans. Americans will be the first to try new products, but American markets develop slower than Japanese markets because of the differences between individual and collective cultures. In Japan, once a product becomes hot everyone must have it<sup>31</sup>.

➤ Service - Japanese are probably a decade or more ahead of American consumers in their fetish for service and quality. American consumers will close the gap, but it is doubtful that they will ever catch up-basically for cultural reasons. In the years ahead the value Americans place on service and quality will increase, but it will never reach the pinnacle that it has in the Japanese culture

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<sup>29</sup> Kotler, Philip and L. Fahey, "The World's Champion Marketers: The Japanese," *Journal of Business Strategy*, 2, 1982

<sup>30</sup> Herbig, Paul A. and Pat Borgstorff, "The Japanese Consumer: Are They Really Different From the U.S.?", *Journal of International Marketing*, 2/1 1994, 11-17.

<sup>31</sup> Herbig, Paul A. and Joseph C. Miller, "The Affect of Culture in the Adoption Process: A Comparison of Japanese and American Behavior," *Entrepreneurship, Innovation, and Change*, 3/2, June 1994, 22-35.

because of the many choices and options that Americans have that the Japanese do not. Americans seem to be able to conduct a trade-off between price and quality, and are willing to accept lower quality goods (discount stores, etc.) for a break in the price. The Japanese consumer demands high quality and pays high prices as a result-only recently beginning to trade quality for discounts. In this respect the Americans are a generation ahead of the Japanese. The Japanese view service as a labor-intensive function that must be present to show the customer how much he is valued. The Americans view is to automate the function as much as possible to minimize the cost while providing maximum choice and individual flexibility for the customer.

➤ Consumerism - The ineffective Japanese consumerist movement and the lack of concern of goods by producers are analogous to U.S consumers and producers in the 1950s. As incomes keep growing, more Japanese are exposed to living conditions abroad and the number of the *shinjinrui* increase-Japanese baby boomers who want affluence now and not sacrifice to acquire it later-this gap will close in the years to come. However, like its penchant for service, it is doubtful if the Japanese will ever totally catch up because of the American cultural worship of the individual and his or her rights compared to the Japanese obligations to its society and the acceptance of some limitations for the greater good of the country and the corporation.

➤ Demographics -Demographics will adversely affect Japan early in this new century. Japan has the highest share of seniors in the world. A nation of pensioners is due by 2010. Japan's personal savings rate will be depressed by the aging of its population-old people tend not to be money savers. The greater the number of elderly, the greater the drain on savings. The Bank of Japan thinks the savings rate could fall as low as 8 percent from the current 16. It could fall so much that Japan may well return to a deficit on the current account of its balance of payments and will need to import capital. As unit labor costs rise, older workers have to be paid more, especially if pay is tied to seniority rather than merit as has been the tradition.

Japan is rapidly on its way to becoming a nation of consumers, pleasure seekers, importers, investors and speculators. The abundant money and free financial markets risk creating a boom and bust cycle. Japanese workers are becoming more concerned about personal fulfillment and less willing to devote their entire lives to the companies who employ them. Japanese workers are beginning to ask for some leeway during off-hours. Many believe that boundaries for work-related duties should be established.

The Japanese have also developed exacting standards for product quality, durability and reliability, and at the same time demand fashions and styles that match their individual lifestyles and ages. Individualization, while maintaining high quality and reasonable cost, has become one of the keynotes in consumer marketing in Japan. The Japanese market demands not only the basics such as

good finish, ease of operation, diversity, and high level of reliability and service, but it is a highly demanding market in almost all other aspects. This drive for perfection has been advantageous in their marketing of products overseas.

Nevertheless, emphasizing manufacturing abilities can be a detriment in marketing, especially in the marketing of fast-moving products. The same type of slow, deliberate consensus building thought process that helps the Japanese produce quality products has a negative impact when they introduce those products into a real time competitive environment.

Japanese do not delegate much authority to their line positions. Simple decisions often take a week or more to be made. It becomes almost impossible to react quickly to changes in the marketplace. Group decision-making in Japan makes it difficult for someone to do anything that does not go by the book-thus creating an atmosphere where a lack of creativity dominates. The chain of command must be adhered to. Everything is done by a committee. No one takes responsibility for the marketing plan because of job ambiguity-although no one is praised or blamed for its outcome, either. Individuals take few risks.

Japanese companies get very close to their customers. This, however, is not necessarily equated with strong marketing. Excessive dependence on customers also inhibits the development of radically new products to fulfill needs of which customers are unaware or only vaguely aware.

In addition, the Japanese have not yet demonstrated much marketing success in markets where major cultural differences are paramount; their success has been almost exclusively in product markets where the notions of function and utility are reasonably consistent across cultures, autos, electronics, steel, etc. However, where major elements of cultural differences exist, they have not been as successful (e.g., food products, cosmetics, fashion, services). Japanese companies also typically use large Japanese trading companies that are familiar with the social atmosphere, business customer, legal procedures and language of the host countries. Their scale of operation and experience allows economies of scale which helps reduce distribution costs. The trading companies often take on the role of the sales and marketing arm, allowing the firm to concentrate on economies of scale to provide a low cost, good quality product. For many Japanese companies, the *sogo shosha* is their marketing arm-companies merely keep the plants humming to manufacture high quality, low-priced goods.

What will Japan's future be in the highly competitive world market? This puts the Japanese company and its paternal relationship with its employees into a dramatic turning point: stay traditional and fall behind or become lean and mean and eliminate the lifetime employment paternal arrangement. If this were not enough, the domestic Japanese marketplace can no longer be a protected turf because of external pressures. Inevitably, it will be invaded by all types of *gaijin* companies, each aggressively pursuing a Japanese market that has eluded them for over 50 years.

If open competition from the West is not enough, Japan has seen the Third World countries (especially the mini-dragons of Southeast Asia) become tough and aggressive competitors. These countries are copying Japan's approach to invading new markets, and are now offering high quality products at a lower cost than the Japanese. The protectionist trend in the United States and Europe to protect local industries by import quotas and non-tariff barriers has Japan implementing more expansion moves within those countries.

Marketing, as practiced in Japan (just as marketing as practiced in the United States or France), is culturally based and optimized to its particular culture. Behaviors that consumers in the West might find unusual, illogical, ineffective, or unacceptable are commonplace elsewhere and are attune to the country's particular mores (it is just as likely other countries would find Westerner behavior just as unlikely).

The future for marketing in Japan is a continuation of the past with a Western twist. Japanese success overseas has resulted more from high product quality, pricing muscle, and economies of scale made possible by a protected market. As the latter gives way, impacts will be felt on the former. As Western companies meet Japanese product quality and attributes and pricing advantages disappear (previously conferred by low capital costs and premium prices in its domestic marketplace), Japanese companies must begin to turn away from the first meaning of marketing and toward the last meaning-the full marketing process. This will require hiring and training marketing specialists, a difficult and unusual process in a cultural environment that trains and rewards its workers to be generalists.

If Japanese companies allow local marketing specialists (who know the marketing process philosophy and use it expertly) to run the marketing operations in the local market, success will continue. But if Japanese companies have very visible "glass ceilings" for non-Japanese managers, that same success can also be fleeting as local personnel leave for other companies that do not have the same ethnocentric limitations. This dilemma will haunt the Japanese: allow more and more non-Japanese into its higher management and thus disrupt the homogeneous Japanese cultural roots of the company, or lose the more talented and capable locals upon which the company must depend for its success in foreign markets. Success overseas will eventually depend on Japanese companies becoming more process oriented and incorporating more locals into their operations. Because success is still the overriding concern among Japanese companies, the inevitable conclusion is major changes-not merely in marketing practices-in overall company practices are necessary for the typical Japanese company to survive and compete in the international markets of the twenty-first century.

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